

## **Addictive and Mental Disorders Division MHSP Application Instructions**

### **Processing:**

Any individual applying for Mental Health Services Plan must have the opportunity to do so without delay. Application must be voluntary and initiated by the person in need, his/her authorized representative, or if the applicant is incompetent or incapacitated, someone acting responsibly for him/her.

### **Application Form:**

On an application form developed by the State of Montana, the person in need must attest to the truth, accuracy and completeness of the information provided for eligibility determination and declare that he/she understands that any misinformation will be investigated and prosecuted.

### **Date of Application:**

The application date will be the date the signed application is received and date stamped in the Addictive and Mental Disorders Division (AMDD). If the applicant meets all eligibility criteria, MHSP eligibility will begin the first day of the month the application is received. For example, if the application is received June 16, eligibility for benefits will begin June 1.

### **Applicant Responsibilities:**

- The applicant is responsible for:
  - Completing and signing the application;
  - Providing documentation, as required;
  - Complying with all eligibility requirements; and
  - Reporting within ten (10) days of knowledge, the changes which will affect eligibility.
- Examples:
  - start or end of the receipt of income,
  - changes in employment status,
  - death of a family member who income was considered to determine eligibility,
  - change in family composition (e.g., members moving in or out).

### **Documentation:**

#### **Non- Financial Criteria:**

Social Security Number

- Social Security Card
- Social Security Award letter
- Tax records
- Pay stubs

Health Insurance

- Health Insurance Card

Driver's License, if available

#### **Financial Criteria:**

Income for family members must be documented for all MHSP clients.

- Pay stubs

- Employer statements
- Tax Records

#### **TIMELY PROCESSING:**

All complete applications must be processed and eligibility determined within 30 calendar days.

- Application must be filled in, signed and dated
- All necessary documentation must be provided
- Determine client's eligibility
- Notify the client in written form of the eligibility determination. If eligibility is denied, the notice must include the reason for denial, also in written form.

#### **Applicant Disagrees with the Eligibility Determination:**

When an applicant does not agree with the eligibility determination, he/she must contact the Addictive and Mental Disorders Division in Helena. AMDD will review the application, case notes, and if necessary, contact the provider to discuss how the eligibility was determined. After researching the case, AMDD will respond to the applicant.

#### **FAMILY MEMBERS:**

Household members related by marriage and/or parentage are required family members. All income of all required family members is counted in full. However, not all family members may be eligible for MHSP benefits.

**Exception:** *Unless a client age 18 or older is claimed by his/her parents as a dependent for income tax purposes, the parents are not considered family members nor is the parents' income counted to determine the client's eligibility for MHSP benefits.*

#### **Required Family Members Include:**

- The applicant's spouse
- The applicant's children (including unborn) who are less than 19 years of age
- The applicant's parent (see above exception)

#### **Excluded Household Members Include:**

- Individuals age 19 or older (unless the client's dependent for income purposes)

#### **NON-FINANCIAL REQUIREMENTS:**

Each applicant must:

- Document their Social Security Number
- Be a resident of the State of Montana

#### **Social Security Number:**

Each applicant must provide documentation of their Social Security Number or apply for a number, if one has not been issued or is not known. This requirement applies to all family members whose needs, income and/or resources are considered when determining the applicant's eligibility.

**Note:** *The applicant must be informed that furnishing the SSN is a condition of eligibility and that the SSN will only be used in the administration of the Mental Health Services Plan.*

**Failure to Provide SSN:**

An applicant or family member who does not comply with the SSN requirement is still a required family member but cannot receive benefits.

**Residency:**

An individual is considered a Montana resident when:

- He/she is voluntarily living in Montana with the intention of make a home here.
- He/she is living in Montana and not receiving public assistance benefits from another state.
- He/she provides a written declaration of intent to reside in Montana permanently.
- He/she has a job commitment or is seeking employment in Montana.

**Note:** *An individual who is living in Montana for a temporary purpose (e.g., seasonal employment) is not considered a Montana resident.*

**Homeless:**

An applicant who has not fixed address or does not reside in a permanent dwelling but who meets all other eligibility criteria may receive MHSP benefits. However, the individual must declare his/her intent to reside in Montana.

**Temporary Absence from Home/State:**

A temporary absence occurs when a family member is away from home for a period of time not to exceed 90 days. MHSP benefits continue for eligible family members as long as the absent member intends to return home within 90 days.

If the absent member does not return to the home within 90 days, without a good cause, the individual's eligibility for MHSP benefits terminates.

**RESOURCES:**

There is no resource (asset) limit for the Mental Health Services Plan. A resource is property or goods having economic value such as cash, savings, investments and real property which are owned by family members. Only the equity value of an accessible resource is counted toward the \$3,000 Medicare resource limitation. Equity value is determined by deducting the amount owed from the fair market value.

**Note:** *If resources listed on the application are valued at less than the Medicaid resource limit\* and other criteria falls within Medicaid guidelines, the individual should be referred to their local Office of Public Assistance to apply for Medicaid. Applying for Medicaid is an eligibility requirement when clients appear to be Medicaid eligible based on resources, income and categorical eligibility.*

*\*Medicaid resource limit for a family is \$3,000*

*\*Medicaid resource limit for an individual or couple is \$2,000*

**INCOME:**

The applicant's financial eligibility is determined by prospectively evaluating each family member's income. Prospecting income will result in a "best estimate" based on the household's reasonable expectations and knowledge. The "best estimate" involves a projection and evaluation of the household's income and income-related circumstances and household makeup. The projected income is then compared to the income standard for the family size. The applicant remains eligible for MHSP benefits until it is time to renew his/her eligibility or until a change in the family's circumstances occurs.

When a change in the family's circumstances occurs, whether reported by the client or discovered by the agency, the entire best estimate (the basis for eligibility) must be reevaluated.

**Estimating Income:**

The earned and unearned income of all required family members is evaluated when determining MHSP eligibility. The **gross** amount of earned and unearned income expected to be available for current use, including earned income from self-employment, unless specifically excluded, is counted.

**Unearned Income:**

"Unearned income" encompasses all money that is not earned by providing goods or services. Refer to the following table to determine whether unearned income should be counted or not counted:

TYPE OF UNEARNED INCOME	COUNTED	NOT COUNTED
Bureau of Indian Affairs (BIA) general assistance payments	X	
Capital Investment Income (interest)	X	
Child Support Payments (income belongs to child for whom the money is intended)	X	
Contract for Deep Payments (principal and interest)	X	
Contribution from family member	X	
Contribution to vendor		X
Disability Benefits	X	
Educational Income (grants, loans, scholarships)		X
HUD Family Self-Sufficiency Program (interest paid on escrow accounts)		X
Interest Income (checking savings, Certificates of Deposit, etc.,)	X	
Low Income Energy Assistance Payments (LIEAP)		X

TYPE OF UNEARNED INCOME	COUNTED	NOT COUNTED
Native American Monies (tribal payments, farm and grazing lease income, oil and gas royalties, mineral rights)	X	X
Personal Injury Settlement Payments (only for the amount actually received by the family member is	X	X

counted)		
Reimbursements		X
Retirement or pension annuity payments	X	
Servicemen's Allotments	X	
Settlement Payments (Agent Orange, proceeds from fire or casualty insurance settlement when used within 3 months of receipt, Alaska Native Claims Settlement Act payments)		X
Social Security Benefits	X	
Supplemental Security Income (SSI) payments	X	
Unemployment Compensation Benefits	X	
Utility Payments (Section 8/HUD utility payments)		X
Valid Loans proceeds received by a family member (i.e., the borrower has an obligation to repay to loan)		X
Veteran's pension and benefits	X	
Worker's Compensation benefits	X	

Note: If money is being withheld from unearned income due to prior overpayment, cannot be excluded. For example, if a family member is receiving \$600 net payment from Social Security each month but \$50 is being withheld due to a previous overpayment, count \$650 as unearned income.

**Earned Income:**

Refer to the following table to determine whether the earned income should be counted or not counted:

TYPE OF EARNED INCOME	COUNTED	NOT COUNTED
Americorps living allowance	X	
College Work Study		X
Commissions	X	
Dependent Child's Earned Income	X (if <u>not</u> attending school)	X (if attending school)
Earned Income Tax Credit (EITC)		X
Green Thumb Income	X	
In-Kind Income (e.g., the value of free rent received in exchange for the family member providing general maintenance services)	X	
Job Training Partnership Act (JTPA) wages received as an employee of a program/business funded by JTPA	X	
Jury Duty	X	
Salary	X	
Self-employment Income	X	
Shelter workshop/Rehabilitation Center Income		X
Tips	X	
Vista Income		X
Wages	X	

## **SELF-EMPLOYMENT INCOME:**

Self-employment is the act of engaging in a trade or business, but not as an employee. A trade or business is generally an activity carried on for a livelihood or in good faith to make a profit. However, the individual does not need to actually make a profit to be in a trade or business so long as a profit motive exists.

Gross self-employment income is determined by using as many sources as necessary, such as:

- most recent tax returns or business records which cover the relevant period
- client's Income and Expense Statement
- receipts for business expense
- receipts for goods and services provided

Example: Julie is a self-employed sales representative. Her average gross monthly receipts are \$800. Her average business expenses include \$250 wholesale cost for her product plus \$145 transportation costs. Julie's net self-employment income is \$405 ( $\$800 - \$250 - \$145 = \$405$ ). Her annual income would be calculated by multiplying her average monthly income by 12 months ( $\$405 \times 12 = \$4,860$ )

### **Allowable Expenses:**

Most costs of doing business are allowable expenses. Expenses must be current, not due from a previous fiscal period, and are only allowed when paid. Examples of allowable expenses include:

- labor paid to non-family members (individuals not included in the family size)
- materials/ supplies
- seeds, plants, fertilizer
- interest payments on business loans
- business portion of home property
- repairs
- transportation costs (does not include cost of commuting to the business from the home)

**Non-allowable Expenses:**

Non-allowable Expenses must be added back into the self-employment income if income tax forms are used, or not allowed as a deduction in the calculation of self-employment income. The following are examples of non-allowable expenses:

- Federal, state and local income taxes
- Social Security taxes
- Pension and profit-sharing programs
- Employee benefit programs
- Transportation costs for commuting to and from business
- Meals and entertainment costs
- Principal payments on business loans (interest portion is allowable)
- Depreciation
- Purchase costs of capital assets and durable goods (e.g., farm machinery, equipment, buildings, vehicles, computers, VCRs/DVDs, swing sets, high chairs, cribs, tricycles, hair dryers, etc.)
- Business start-up costs, such as business licenses, initial inventory and supplied, advertising purchased prior to business opening.
- Net losses from previous periods
- Losses from income other than farm self-employment may not be used to reduce any other income received by the household.

NOTE: To be considered a self-employed farmer, the farm must receive or anticipate receiving annual gross proceeds of \$1000 or more from the farming enterprise.

**APPLICATION****RENEWAL:**

Eligibility for MHSP must be renewed annually. To be continuously eligible, clients must be within the MHSP income guidelines for the family's size and must continue to meet the clinical.

A renewal notice along with a blank application must be mailed to the client at least 60 days before coverage is scheduled to end.

Example: Louie's coverage started January 1 and is scheduled to end December 31. His renewal application must be mailed to him no later than November 1.